

State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

DIVISION OF HUMAN RESOURCES

FY 2004, 2005 and 2006

Report IC19406
Date Issued: July 19, 2007

Serving Idaho's Citizen Legislature

FOREWORD

PURPOSE OF REPORT

We evaluated the internal controls over financial operations of the Division of Human Resources as part of our effort to evaluate each State agency at least once every three years. This report summarizes the results of our evaluation.

SCOPE OF WORK

The management of the Division is responsible for establishing and maintaining internal controls. We obtained an understanding of the relevant policies and procedures comprising the internal control system. We also determined whether the relevant policies and procedures had actually been placed into operation. Our intent was to indicate where internal controls could be improved in order to help ensure the Division's ability to record, process, summarize, and report financial data accurately.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

Jolene Crumley, Staff Auditor

ADMINISTRATION AND TECHNICAL REVIEW

Don H. Berg, CGFM, Manager, Legislative Audits Division
April Renfro, CPA, Managing Auditor

TABLE OF CONTENTS

Executive Summary	1
Agency Response	3
Appendix	4



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

DIVISION OF HUMAN RESOURCES

PURPOSE AND SCOPE. We performed certain audit procedures to evaluate the effectiveness of the Division of Human Resources' internal control design and operation. The limited scope of our procedures does not allow us to give an opinion on the Division's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed. Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. Any findings and recommendations are intended to improve the internal control system to prevent errors, omissions, misrepresentations, or fraud.

CONCLUSION. We noted no matters involving the internal control over the Division's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report or in the prior report.

AGENCY RESPONSE. The Division of Human Resources has reviewed this report and is in agreement with its contents.

FINANCIAL SUMMARY. No opinion is given on the financial data presented in this report. It is included for informational purposes only.

The Division is funded by State agencies that pay a fee of 0.615% multiplied by the gross payroll for each classified employee. This percentage is based on the projected operating expenses for the Division. In addition, the Division also receives funds from participants in training sessions sponsored by the Division.

DIVISION OF HUMAN RESOURCES

<u>Fiscal Year 2006</u>	<u>Seminars and Publications Fund 0401</u>	<u>Professional Services Fund 0475</u>	<u>Total</u>
Beginning Cash	\$12,475	\$370,813	\$383,288
Receipts	143,985	2,998,639	3,142,624
Total Cash Available	\$156,460	\$3,369,452	\$3,525,912
Personnel Costs	0	2,244,297	2,244,297
Operating Costs	128,493	552,710	681,203
Capital Outlay	0	27,817	27,817
Total Disbursements	\$128,493	\$2,824,824	\$2,953,317
Ending Cash Balance	\$27,967	\$544,628	\$572,595

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Division of Human Resources and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance provided to us by the division administrator, Judie Wright, and her staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Don H. Berg, CGFM, Manager, Legislative Audits Division

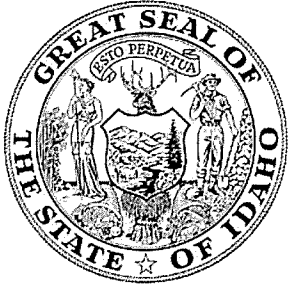
April Renfro, CPA, Managing Auditor

Report IC19406

AGENCY RESPONSE

Idaho Division of Human Resources

700 West State Street
P.O. Box 83720
Boise, Idaho 83720-0066
(208) 334-2263



Executive Office of the Governor

C.L. "Butch" Otter
Governor

Judie Wright
Acting Administrator

Idaho Personnel Commission

Mike Brassey, Chair
Pete Black
John Cowden
Clarisse Maxwell
Evan Frasure

Fax: (208) 334-2438
Toll Free: 1-800-554-5627
www.dhr.idaho.gov

June 21, 2007

Mr. Don H. Berg, CGFM
Manager, Legislative Audits
Legislative Services Office
Statehouse Mail
Boise, Idaho

SUBJECT: Audit of FY 2004, 2005, and 2006

Dear Mr. Berg:

I would like to thank your staff, Managing Auditor April Renfro and Staff Auditor Jolene Crumley, for their professionalism during the "internal control" audit work for the Division of Human Resources. The Division of Human Resources concurs with the Management Report on Internal Control.

As always it is a pleasure to work with your staff and yourself. We appreciate your assistance and professionalism.

Sincerely,

A handwritten signature in cursive script that reads "Judie Wright".

Judie Wright, Acting Administrator
Executive Office of the Governor
Division of Human Resources

APPENDIX

HISTORY

Idaho's first merit system, the Merit System Council, was established in 1939. The Council initially had jurisdiction over the Departments of Health, Fish and Game, and Employment.

The Idaho Personnel Commission was established in 1965. The Commission became a part of the Idaho Department of Administration on July 1, 1974. The Division of Human Resources was created to improve accountability and efficiency of the State personnel system on July 1, 1999. The administrator reports to the Governor.

STATUTORY AUTHORITY

The statutory authority of the Division of Human Resources is found in Idaho Code, Title 67, Chapter 53.

The purpose of the Idaho Personnel Commission, as stated in Idaho Code, Section 67-5301, is:

To administer a personnel system, including the provision of personal and professional training, for classified Idaho employees. The purpose of said personnel system is to provide a means whereby classified employees of the State of Idaho shall be examined, selected, retained, and promoted on the basis of merit and their performance of duties, thus effecting economy and efficiency in the administration of state government.

The Governor appoints the administrator of the Division. The administrator and staff consists of 36 full-time employees. The staff works within four functional units. Those units are:

- State Compensation
- Recruiting and Screening
- Workforce Development
- Information Technology

FUNDING

State agencies with classified personnel pay the costs of operating the Division in accordance with Idaho Code. A fee is charged to each agency based on the gross payroll for classified employees multiplied by a percentage set by the Board. The percentage is based on the projected expenses for the Division and is currently 0.615%.

The Division also receives money from participants attending training sessions sponsored by the Division. The money is used to pay the costs of the sessions, such as contract instructors.

Seminars and Publications Fund 0401 – The Division charges participating agencies for the cost of professional training.

Professional Services Fund 0475 – The cost of the Division's operations is allocated to participating agencies as a percentage of gross payroll per classified employee.

Division of Human Resources

Agency Profile

